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Attorney General Steve Marshall Announces \$6 Million National Settlement with Encore Capital, Midland Credit Management, Midland Funding to Reform Debt Buying and Collection Practices

A total of \$784,920 in Debt to Be Forgiven for Over 450 Alabama Consumer Accounts

(MONTGOMERY)--Attorney General Steve Marshall announced today that Alabama has joined 36 states and the District of Columbia in reaching a \$6 million settlement with Encore Capital Group Inc. and its subsidiaries Midland Credit Management Inc. and Midland Funding LLC, one of the nation's largest debt buyers.

In Alabama, a total of \$784,920 in debt will be fully or partially forgiven for 464 Alabama accounts for judgments that were entered against consumers in cases where Midland used an affidavit against them in court between 2003 and 2009. Of these, 145 Alabama accounts will receive full forgiveness of a total of \$194,760 in debt. Midland will notify impacted consumers by mail of the balance reduction and no further action is necessary from the consumer.

Additionally, \$25,000 for each state will be set aside for restitution for those who paid Midland a debt they did not owe, for those who paid more than was owed, or for those against whom Midland used an affidavit in legal proceedings that was inconsistent with the information in its own records. Alabama consumers seeking restitution from this fund may contact Attorney General Marshall's Consumer Interest Division by calling 1-800-392-5658, by writing to 501 Washington Avenue, Montgomery, Alabama, 36104, or by submitting an online complaint to the Consumer Interest Division at www.ago.alabama.gov/consumercomplaint. The Attorney General's Office will then submit those claims to Midland for review. When submitting a claim for restitution to the Attorney General's Office, it is important for consumers to provide any and all documents that will support their claims.

Debt buying involves buying and selling overdue debts from creditors and other account owners. Often purchased for pennies on the dollar, debt buyers seek to recover the full balance from consumers through collection attempts by phone and mail. Debt buyers, including Midland, also take consumers to court to collect the debts they purchase. However, people are often unable to afford attorneys to defend the allegations and cases result in default judgments, hurting credit and putting people in jeopardy of having their wages garnished.

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The settlement resolves the States' investigation into Midland's collection and litigation practices. Much like the conduct witnessed during the mortgage crisis, the agreement settles claims that Midland signed and filed affidavits in state courts in large volumes without verifying the information printed in them, a practice commonly called robo-signing.

"This settlement is important in the reforms it is mandating to restore fairness and justice to future debt collection practices by Midland, and for the compensation to be provided to those who were dealt with unfairly and dishonestly," said Attorney General Marshall. "I am proud of the outstanding work done by the staff of my Consumer Interest Division to reach this important agreement."

The settlement requires Midland to reform its affidavit signing and litigation practices. Midland must carefully verify the information in affidavits and present accurate documents in court proceedings. When Midland files a lawsuit, it must have account documents about the debt before it files the case, including the amount of the debt, proof of an agreement, and an explanation for why any additional fees are justified.

The settlement offers protection to consumers Midland is collecting from, even if they are not being sued. If a consumer disputes a debt Midland is collecting, the settlement requires Midland to review original account documents before it continues its collection efforts. Midland must provide these substantiating documents to the consumer at no charge. The settlement requires that Midland maintain proper oversight and training over its employees and the law firms that it uses. The agreement prohibits Midland from reselling debt for two years.

Joining today's settlement were attorneys general from Alaska, Arkansas, Colorado, the District of Columbia, Florida, Georgia, Iowa, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Michigan, Missouri, Mississippi, North Carolina, North Dakota, Nebraska, New Hampshire, New Mexico, Nevada, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Virginia, Vermont, Wisconsin, New Jersey, Utah, Washington, and Wyoming, as well as the Hawaii Office of Consumer Protection.